

SILVER COINAGE.

NOTES OF CONFERENCE

BETWEEN THE

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES AND THE
SECRETARY OF THE TREASURY AND THE DIRECTOR OF THE
MINT.

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The CHAIRMAN (Mr. Stephens) to Secretary Sherman. At what place or places, do you think, ought the silver bullion to be received on deposit for certificates?

Secretary SHERMAN. I think that it should be received, if at all, at the assay-office in New York only; not at the mint in Philadelphia, because that mint is occupied, and will be occupied to its fullest capacity in coining and issuing the silver dollar; not at San Francisco, because that will throw upon the government the cost of the transportation of the bullion from San Francisco to New York. The certificates, as a matter of course, being receivable for public dues, can be easily transported without cost to New York. New York is the commercial center of the country, and it seems to me that there the bullion ought to be deposited, as there we have admirable storage-room for it. Provision has recently been made, or at least is expected to be made, for the storage of from \$50,000,000 to \$100,000,000 of silver. These are the reasons why I think I would confine the issue of the certificates to New York, just as now all the gold-certificates are issued at New York.

The CHAIRMAN. If the committee should be of opinion that there ought to be other places for the purchase of bullion, what other places would you designate as the most proper?

Secretary SHERMAN. I should think San Francisco and New Orleans. The Philadelphia mint is not a mint of very large capacity, and it will be fully occupied with the issue of the silver dollars; but on these questions of detail I would myself defer to the opinion of the Director of the Mint a good deal.

The CHAIRMAN. Are there any reasons why the silver-certificates should not be on an equal footing, in every respect, with the present gold-certificates?

Secretary SHERMAN. No; the certificates for silver coin ought to be on the same footing as the certificates for gold coin, but (since you ask me the question) I doubt the policy of issuing certificates for silver

bullion, unless they are issued on the basis of the market-value of silver bullion.

The CHAIRMAN. You mean that the silver should be first refined ?

Secretary SHERMAN. No; I mean that the certificates should be issued for the market-value of the bullion. I think that if you issue money-certificates that can be received for customs-duties on bullion which cannot be coined perhaps for a year or two, and if those certificates represent a greater amount than that bullion would bring in the market, it would be a very serious embarrassment. But if the certificates are issued on the market value of the bullion (it being probable that that market-value will not fall), there would be less danger. But even then any issue of certificates for bullion is objectionable, because we are compelled to buy a large quantity of silver bullion to carry out the present law. That will require from two and a half to three million ounces every month. The United States Government is by far the largest purchaser of silver bullion in the world, in order to carry on these mintage operations, and all movements which tend to give to silver bullion an artificial value force the United States Government to pay more for it than it otherwise would do; and thus the object of the law—to give to the government the profit from the coinage of silver—is defeated. That is the objection which I would have to any plan of issuing certificates for silver bullion.

The CHAIRMAN. What are the certificates for the gold bullion given on; is it on the market-value ?

Secretary SHERMAN. Yes, sir; because there the market-value and the coin-value are precisely the same.

The CHAIRMAN. Why is there a difference between gold and silver in that respect ?

Secretary SHERMAN. Because the law makes the difference. By law anybody can have gold bullion coined into gold coin; and the assayer can fix the exact, not only market-value, but coinage-value of gold bullion, which is not the case with silver.

The CHAIRMAN. Suppose we put the gold-certificates and silver-certificates on the same footing. Suppose we no longer make gold subject to free coinage any more than silver ?

Secretary SHERMAN. I have no objection to that; indeed, I have always thought that the government ought to charge a small seigniorage on the coinage of gold coin, but Congress determined that otherwise in the resumption act, after full debate; and to change it would be going backward.

The CHAIRMAN. But as we have already gone backward on that legislation, by providing again for the coinage of silver, though not free, consistent legislation would seem to require, would it not, that gold should be on the same footing ?

Secretary SHERMAN. Perhaps it would; and we might, without inconvenience or loss, deny to gold bullion the advantage which it now has of being deposited for certificates.

Mr. DWIGHT. Ought we not now, in view of the circumstances, to do that ?

Secretary SHERMAN. I would not like to answer that question. We have only about three or four millions of gold bullion on hand in the Treasury outside of the mints.

Mr. DWIGHT. The distinction now made under the old law seems a little offensive to the feelings of the people, and I was glad that the chairman asked you the question.

Secretary SHERMAN (to Dr. Linderman). How much gold bullion have we now on hand?

Dr. LINDERMAN. Outside of the bullion fund which we have to keep on hand, we have, I think, about \$3,000,000 of bars in the subtreasury of New York. They are bars from the melt of English sovereigns, kept in the form of bars, to avoid coinage. (The precise sum is \$3,367,713.26.)

Secretary SHERMAN. In practice we do not take gold bullion and issue certificates on it, so that gold bullion might be left out just as well as silver bullion.

Dr. LINDERMAN. Mr. Boutwell, when he came as Secretary of the Treasury to construe the act of 1863, concluded that the word bullion meant coin; and I do not understand that any certificates were ever issued for gold bullion that was not coin. The certificates seem to have been issued on gold coin and not on deposits of bullion. They have been confined to coin. I think I am safe in saying that. I have been unable to find any reference to any issue on coin notes on bullion.

Secretary SHERMAN. It would be well enough, I think (in order to avoid any feeling as to the distinction between silver and gold), to make the certificates issue only for gold and silver coin. We never have much gold bullion on hand, but we have \$108,000,000 of gold coin on hand, of which \$101,517,672 is with the assistant treasurer in New York.

Mr. BREWER. This new silver-law requires the issuing of certificates on coin?

Secretary SHERMAN. Yes, sir; but we can now issue certificates for gold bullion.

Mr. MULDROW. What would be the objection to issuing certificates on gold or silver bars, or on gold or silver in any other shape than that of coin?

Secretary SHERMAN. The objection is that silver bullion is governed by its market value. The law makes a distinction between gold and silver in that respect, gold bullion being coined free of charge.

We know precisely how much coin a certain amount of gold bullion would represent; but it is not so with silver bullion, because silver bullion is bought and sold at its market value. Every 412½ grains of standard silver, when coined, represents a dollar, for all purposes, but it would now require more grains of silver than that to be equivalent to a dollar in market value, therefore we cannot very well issue certificates on silver bullion for more than its market value.

Mr. MULDROW. Is not that difference caused by legislation?

Secretary SHERMAN. No; it is caused by the difference in market value.

Mr. MULDROW. Is not the difference in market value produced by legislation?

Secretary SHERMAN. It is produced partly by the legislation of Germany, France, Great Britain, and other countries, and, perhaps, somewhat by our legislation. That is a question of opinion. It is a speculative question—my own opinion being that the rise and fall of silver is the result of a great number of reasons, and my stating them, in view of the ample discussion in Congress, would not at all enlighten the committee.

The CHAIRMAN. Is there anything in the statement which I have seen in the newspapers against the legality of certain words on the silver dollar coined?

Secretary SHERMAN. Not the slightest. Dr. Linderman presented

that question to me pretty fully. Everything that the law of 1837 requires is on the new coin.

Dr. LINDERMAN. The coinage act of 1873 contains a section prescribing devices for the coins of the United States, and it provides that the motto "E pluribus unum" *shall* be put upon one side of the coin, and the motto "In God we trust" *may* be put on the other side, if the size of the coin will permit it, at the discretion of the Director of the Mint and of the Secretary of the Treasury; so that the motto on the silver coin is put on as required by the mint act of 1837; and in regard to the other, we have exercised the discretion allowed by the coinage act of 1873.

Secretary SHERMAN. When that question was presented to me, I was disposed to insist that nothing should be put on this coin except the old devices of the act of 1837; but it appeared from one law that we are *required* to put the words "E pluribus unum" upon all coins, and that we are *authorized* to put the words "In God we trust" upon any coin large enough to justify it; and as all devices required by law were put on this coin, anything additional could not invalidate it, but, at most, would be considered mere surplusage.

Dr. LINDERMAN. Prior to the act of 1873, no act of Congress required the words "E pluribus unum" to be put upon coins; one engraver would put them on and another would leave them off.

Mr. RYAN. What words have you got on this silver dollar?

Dr. LINDERMAN. We have got the words on one side "E pluribus unum," and on the opposite side the words "In God we trust."

Mr. RYAN. What is the figure on the coin?

Dr. LINDERMAN. The figure of Liberty, and also of an eagle.

Mr. RYAN. Nothing like the trade-dollar?

Dr. LINDERMAN. No, sir; exactly the opposite of the trade-dollar. In the new coin, we have the classic head of Liberty, and in the trade-dollar we have the sitting figure of Liberty. The essential inscription is that of the country of issue, "United States of America," and the denomination, "One dollar," so that it is a certificate of the United States that the coin is one dollar.

Secretary SHERMAN. It is a beautiful coin, and I do not think that there is any question of law arising out of the device and motto.

Dr. LINDERMAN. Here is a coin of 1812, with the words "E pluribus unum," which the law did not require then.

Secretary SHERMAN. On almost every coin we have more or less devices which the law does not specify. They are mere surplusage.

Dr. LINDERMAN. Just like putting on the thirteen stars. The law does not require the coin to bear the thirteen stars.

The chairman having read a draught of the proposed bill, Secretary Sherman said the necessity of the second section (about the act of transfer) would be obviated if Congress only authorized the redemption of certificates at one place. We have now authority to transfer money, bars, or anything else, from one place to another; but if the certificates are only issued at the assay office in New York, they would all be payable there, and there will be no necessity for transferring money at all.

The CHAIRMAN. You think that the certificates for silver bullion should not be received in payment of public dues because they are not quite up to the coin value?

Secretary SHERMAN. Certificates based on silver bullion would not be up to the coin value.

Mr. MULDROW. The point which I was making a moment ago was that the reason why they are not up to the standard of the coined dol-

lar was because legislation did not make them receivable in payment of the same kind of debts and dues as the silver dollar is receivable for.

The CHAIRMAN. The difference between them and coin value is, as I understand the Secretary, the government seigniorage.

Secretary SHERMAN. The seigniorage and also the difference in market value.

The CHAIRMAN. The government buys the bullion at market price, and the value of it is the market price less the cost of coinage. It is not so with gold, because that is to be coined free. If silver were exactly on the same footing with gold, and coined free, then these certificates ought to be received in payment of public dues, just as well as gold certificates.

Mr. MAISH. Does the Secretary affirm that?

Secretary SHERMAN. No; I do not agree with the chairman, that the value of silver bullion is just what it produces in coin, less the seigniorage. There is one point on this question of buying silver. The law imposes upon the executive officers a very delicate duty in buying silver. We ought to have the same advantage in buying as any other competitor in the market; and if Congress authorizes the holders of bullion to deposit it at any mint of the United States, and to receive a certificate for as many dollars as in some future time it can be coined into, the Secretary could buy no silver bullion at all; or if he gets any he would have to pay the full number of dollars that could be coined from it, and you thus defeat the present law, which was intended to give to the United States the difference between the bullion value and the actual coin value of the silver bullion. I am inclined to think that even at present the holders of silver will run up the price of bullion in San Francisco higher than in any other market in the world. That is reversing the ordinary law of demand and supply. The place of manufacture is generally the cheapest place for the article produced; but in San Francisco it will be the highest. That is the actual fact to-day. We want to start the mint in San Francisco next week, and yet we cannot buy silver there to-day without paying as much or more an ounce than that silver is worth in the London market, which is the general center of the silver market of the world, and without paying more than we can buy it at delivered in Philadelphia.

The natural order of things would be that it would be cheaper in San Francisco than elsewhere, a little dearer in Philadelphia, a little dearer in London, and, perhaps, a little dearer in India, unless transported direct from India to California; and yet the practical operation of this first section, if all this bullion may be deposited and certificates issued for its nominal value, would be to reverse the whole mode of buying bullion, and would practically defeat the operations of the law as it now stands.

The CHAIRMAN. Have you any matured opinion as to the best mode of retiring or getting rid of the trade dollar?

Secretary SHERMAN. I am inclined to think that the best way is to stop its coinage. It is a convenient mode of preparing silver bullion for export for the Chinese trade; but the trade dollar is so near in value to the legal-tender dollar, that I think if the trade dollar gets into circulation it will create constant embarrassments. I do not see why the Chinese trade cannot adapt itself to our general policy; we cannot have two dollars so near each other in value without creating trouble and confusion.

Mr. CLARK, of Missouri. Notwithstanding the superior value of the

trade-dollar over the legal-tender dollar, do you think that the trade-dollar will go into circulation?

Secretary SHERMAN. It will go into circulation more or less, especially if we continue to coin it. If we do not coin any more trade-dollars the trade-dollars now out will probably go to China. The consul at Hong-Kong told me recently that the trade-dollar now goes in the leading ports of China by count, and not like other coins, by weight, and, therefore, in one sense, it would be an advantage to our citizens to continue the trade-dollar; but I think that if it circulates with us it will create embarrassment.

Mr. DWIGHT. But you think that if we cease to coin the trade-dollar, we will have no trouble with what we have got?

Secretary SHERMAN. No, sir; I think they will go to China.

The CHAIRMAN. Ought we to pass a measure looking to the redemption and recoinage of the trade-dollar?

Secretary SHERMAN. I do not think it is necessary. The trade-dollar is worth more in China than our new dollar.

The CHAIRMAN. But as soon as our new dollar gets out it will also go to China, and then the discrepancy between the two will cause the trade-dollar to come back and be recoin.

Secretary SHERMAN. I think they will look after that in China.

The CHAIRMAN. Then you think there is no necessity for our providing for the recoinage of the trade-dollar.

Secretary SHERMAN. I think not; although there is no objection to its recoinage.

Mr. VANCE. Do you think that our subsidiary coinage should remain, as it is, of less proportional value than the dollar coinage?

Secretary SHERMAN. Yes, sir. All experience in countries where silver circulates, shows that the subsidiary coin should be of less proportionate value than standard coin, in order to prevent it going out of the country. That was the object of the law of 1853, which was debated and fully considered free from all feeling. That was a very wise law, and it operated very well.

Mr. VANCE. The strength of the argument in favor of the subsidiary coin being of less value, is that it therefore remains with our people, and does not go abroad?

Secretary SHERMAN. It does not go abroad, yet it is practically convertible into standard coin.

Mr. DWIGHT. Do you know how much less value the English subsidiary coin is than ours?

Secretary SHERMAN. It is a shade less value than ours.

Mr. BREWER. What do you say as to the legal tender quality of subsidiary coin?

Secretary SHERMAN. In England the small coin is legal tender for 40 shillings, equal to \$10. I do not know for how many francs it is legal tender in France. I should say, if I were framing a law on that subject, that I would make it legal tender for not more than \$5 or \$10.

The CHAIRMAN. This bill proposes to make it legal tender for \$20.

Secretary SHERMAN. That is a question of discretion.

The CHAIRMAN. You do not think that that would materially embarrass trade?

Secretary SHERMAN. I think not. I would make it anything between \$5 and \$20. Sometimes subsidiary coin gets to be a glut in particular localities, and if it were made a legal tender for any considerable amount, it might tend to oppress or bother poor men, by throwing upon them an inconvenient amount of small coin.

Mr. BREWER. Is there any particular object in changing the present legal-tender quality of subsidiary coin?

Secretary SHERMAN. No; I think not.

The CHAIRMAN. The main object is for the relief of hotel-keepers, ferry-men, shop-keepers, billiard-saloon men, grocers, &c.

Secretary SHERMAN. I think that it ought to be provided that the government should redeem this fractional money in amounts of \$100.

Mr. DWIGHT. Would you require it to be presented in as high an amount as \$100?

Secretary SHERMAN. Yes, sir; because it is inconvenient for the government to manage it. The government does not want to be called upon to redeem in small sums; but it might be sent in packages of \$100, and then the government could issue legal-tender money for it. That would always relieve the glut.

The CHAIRMAN. You think that the legal-tender quality of subsidiary coin might be extended to \$10, and that the government might exchange legal-tender money for it, in sums of \$100?

Secretary SHERMAN. Yes, sir. The government should be always willing to take up all its money, if presented in convenient form and delivered at a mint.

Mr. RYAN. Would the difference in the weight of the trade-dollar, compared with that of the legal-tender dollar, be sufficient to defray the cost of converting the trade-dollar into legal-tender dollars?

Secretary SHERMAN. The difference is equal to one and three-fourths per cent., and the cost of reminting would not be half of that.

Mr. KNAPP. What, in your idea, would be the result of issuing from two to three hundred millions of these bullion certificates during the next year?

Secretary SHERMAN. Do you mean certificates issued on the nominal value of the bullion?

Mr. KNAPP. Yes, sir; I mean issued at the net value of the bullion.

Secretary SHERMAN. You mean that every 412½ grains of standard silver in the bullion should be counted as one dollar?

Mr. KNAPP. Yes, sir.

Secretary SHERMAN. The effect of it would be that we would come to the single silver standard, just the same as if two or three hundred millions of silver had been coined.

The CHAIRMAN. What is probably the largest amount of silver bullion that will come into the mint, from all sources?

Secretary SHERMAN. That is a very difficult question to answer. He would be a wise man who could answer that question correctly. There is a dispute, first, about the German supply. That ranges anywhere from \$50,000,000 to \$150,000,000. Then there is the question as to what the French will do—whether they will unload their silver. I would not like to venture upon an answer.

Mr. RYAN. Have you any opinion as to the probable amount of certificates that would be issued monthly, under such a bill as is proposed?

Secretary SHERMAN. No, sir. We have been very much disappointed in regard to the result of measures affecting our coinage and our legal-tender. He would be a wise man who would undertake to predict the result of any particular measure. I have this opinion, which I can express strongly, that under the law as it now stands, we can maintain the silver dollar at par with the best money afloat, either gold or currency, and can issue fifty, sixty, or, perhaps, one hundred millions of these silver dollars, giving great relief to the people.

Mr. MULDROW. Within what time can you do that?

Secretary SHERMAN. Right on; about two and a half millions per month. I think we can issue from fifty to one hundred millions at par in gold, but we can only do it on the basis of the present law.

Mr. RYAN. Is two and a half millions a month about the amount that the government will coin under this law?

Secretary SHERMAN. We will coin all that we can, but Dr. Linderman estimates the amount at from three to three and a half millions as a maximum. That all goes upon the assumption that everything goes along smoothly, but if a die gives out, or there is some break in the machinery, or any unlooked-for accident occurs, that maximum cannot be attained.

Mr. RYAN. At what mints are you going to coin those silver dollars?

Secretary SHERMAN. At Philadelphia and San Francisco.

The CHAIRMAN. Have you any idea of the cost of doubling our mint capacity and doubling the issue of silver coin?

Secretary SHERMAN. No, sir. The difficulty is more in the delay than in the cost. It would take some time to put in working order such a mint as we have got at New Orleans.

Mr. CLARK, of Missouri. What is the construction which you put on the recent law with reference to certificates? Are they to be redeemable in coin also?

Secretary SHERMAN. Yes, sir; silver certificates can only be redeemable in coin. They are issued only on the deposit of coin, and they are redeemable in coin at the place of deposit. A question arose as to where the certificates were redeemable under the law as it now stands. I hold that they are redeemable at the place where they are issued, although they may be used anywhere in the United States for payment of duties. Still, when they are presented for redemption, they must be presented at the office or place where the coin was deposited.

Mr. RYAN. I should like to ask your opinion in regard to our token coin—five cents and others—as to what changes, if any, are desirable in regard to it.

Secretary SHERMAN. I think that the three-cent silver coin, and all this very old coinage, ought to be retired, but I think that the nickel five-cent coin and the cent are very convenient coins.

Mr. VANCE. How about the twenty-cent silver piece?

Secretary SHERMAN. I do not see any use for it. It was adopted at the urgent request of Senator Jones, of Nevada, who said that in California it would be a convenient coin. It was adopted at his request, but in practice it is a rather inconvenient coin here, because it is confounded with the twenty-five-cent piece.

Mr. RYAN. What do you think about the retirement of the nickel five-cent coin and the substitution of a silver five-cent coin?

Secretary SHERMAN. I think that the nickel coin is a better one than the silver coin.

Mr. MAISH. You would not recommend the substitution of a five-cent silver coin for the nickel coin?

Secretary SHERMAN. No, sir; but my opinion in that respect is not worth much; still, I think that the nickel coin is best. It is a hard coin, of convenient size.

Mr. MAISH. And it does not cost the government nearly as much as a silver five-cent coin would?

Secretary SHERMAN. No, sir. The profit to the government in the issue of the nickel coin is about three-fourths of the whole amount.

Mr. MAISH. And there is about five millions of nickel pieces in circulation?

Secretary SHERMAN. Yes; it is quite a profitable thing to the government.

Dr. LINDERMAN. About six millions were issued altogether, and there cannot be less than five and a half millions out.

Mr. DWIGHT. Do you think that gold should be bought by the government just as silver?

Secretary SHERMAN. I see no great benefit that accrues either to the government or to individuals by giving gold coinage for gold bullion. I think that if that privilege were taken away from the owners of gold bullion it would do them no harm and would take from them no convenience.

The CHAIRMAN. Is there any reason why the coinage of gold and silver ought not to be on the same footing? That is, if one is free, why should not the other be free; and if one has to pay seigniorage, why not the other?

Secretary SHERMAN. The coinage of gold does not cost near so much as the coinage of silver. The cost of the coinage of gold is a mere trifle—about one-fifth of one per cent.—while the actual cost of the coinage of silver is not less than $1\frac{1}{2}$ per cent.

The CHAIRMAN. Then why not let the holder of gold bullion pay for the cost of its coinage and let the holder of silver bullion pay for the cost of its coinage?

Secretary SHERMAN. That was the old law.

The CHAIRMAN. And you see no reason why it should not be restored?

Secretary SHERMAN. No, sir; I would let the holder of each pay for the cost of coinage.

Mr. BREWER. Is not this the principle as regards that point—that the silver bullion is worth very much less than it is after it is coined, and that therefore it is far better that we should have the seigniorage on silver, whereas the gold bullion is worth just as much as the gold coin?

Secretary SHERMAN. When you talk about seigniorage, you use a technical phrase. If you mean the profit on coinage, the profit on coinage is the difference between the bullion value and the value at which the coin is issued; and that in the case of silver is at present eight per cent.

Mr. BREWER. Is not that a sufficient reason why gold and silver should not be upon the same basis?

Secretary SHERMAN. Yes, I think so. I think that we ought to be allowed to buy gold and silver bullion wherever we can get it cheapest, and that we should coin it with as little expense to the government as possible, and let the government get the profit.

The CHAIRMAN. And buy both gold and silver bullion?

Secretary SHERMAN. Yes; buy both.

The CHAIRMAN (to Dr. Linderman). What, in your opinion, would it cost to double the silver-coinage capacity of our mints, so that they would coin from five to six million dollars a month?

Dr. LINDERMAN. In the first place, the mint at New Orleans would have to be put in order. I suppose that that could be done for about \$100,000.

Mr. CLARK, of Missouri. Can it be done cheaper and quicker than a new one can be built?

Dr. LINDERMAN. Much more so. It can be done certainly within four months. A large part of the necessary fixtures and machinery is there now, and the assay department is in good operating condition. A resolution from the Senate came to me recently inquiring how much

it would take to put up the requisite facilities for a mint at Denver, but as that building was utterly worthless for coinage, and as Congress was supposed to be looking at matters practically, I made an estimate of the cost of what we may call a mint of moderate capacity in any part of the country. I estimated that it would cost \$300,000 to put up a brick building where fifteen millions of silver and ten millions of gold could be coined in one year, and that it would cost \$100,000 for all fixtures and apparatus. That would make the cost \$400,000, not including the cost of the land. I think that any locality would be glad to grant the land free, but you may put the lot down at \$50,000 additional.

The CHAIRMAN. What do you think of the propriety and expediency of a committee of Congress going and examining those localities at which mints are proposed in company with the Director of the Mint?

Dr. LINDERMAN. I should be very glad to go with the committee; but I must say that it looks to me as if the committee could settle that just as well here as at any place. It is a question of bullion supply as much as anything else. I think that if too many mints are put up, the ratio between gold and silver will be disturbed inside of eighteen months, and that silver will be more valuable than gold by reason of the extraordinary demand for it for coinage in the United States. There is going to be a struggle between the bullionists and the government. I think that it would require three additional mints to double the present capacity for coining silver dollars—two in addition to the New Orleans mint.

The CHAIRMAN. The cost would be about \$900,000?

Dr. LINDERMAN. About 1,000,000, assuming the New Orleans mint to be one of the three.

The CHAIRMAN. Has your opinion changed as to the probable amount of the bullion that will offer for coinage? I think you stated it at not exceeding \$75,000,000.

Dr. LINDERMAN. Even to get at that (and I would like the committee to think of it a little), it will be necessary to open the New Orleans mint. If these powerful capitalists choose to go into a contest over silver bullion, they have plenty of money to enable them to hold it back. If it should turn out that this San Francisco matter is not the result of some little annoyance, and if it should turn out that the parties in San Francisco have a combination in London, the contest may be a severe one. I think there is a good deal in what the Secretary says about the point of buying silver. Philadelphia is not a place where bullion goes to any considerable extent, except where it is bought by the government. But New York is the center for it. Is it perfectly clear to the committee how that section will work as to taking in bullion and issuing certificates upon it? And does the committee know what will be its practical operation? Suppose that you have 900 ounces of fine silver bullion, and you take it to the assay-office in New York or to the mint in Philadelphia in order to get certificates on it. The Secretary of the Treasury turns to the London quotations of silver of that day, and sees that fine silver is quoted at $54\frac{3}{16}$ pence per ounce. The 900 ounces at that London market-rate would be worth, in our money, \$1,069.02, or 118.78 cents per ounce. The only reduction from that would be found in the comparatively unimportant charge for stamping bars, say one-fourth of one per cent. The next step is to get a certificate for this 900 ounces. The owner would receive certificates to the amount of \$1,069.02, and pay them out to A, B, and C. They would go all over the country, and it would not be the object or interest of anybody to draw silver bullion

upon them until he could have a better advantage from the bullion than from the certificates, and that cannot be until silver bullion is worth 59 pence an ounce. Then he would draw the bullion out. I cannot see why these certificates would not remain out permanently, or until the price of silver should advance to 59 pence.

Mr. BREWER. Suppose that the first section of this bill should become a law, would not the holders of silver bullion prefer to deposit it and to take their certificates rather than to sell it to the government?

Dr. LINDERMAN. It would be the same thing exactly. We would pay the market rate for the day as nearly as we could ascertain and could fix it by the quotations at London and here. We have arrangements to have cablegrams from London sent directly to Washington, in cipher, giving every change in quotations during the day and giving the closing rates.

Mr. BREWER. Then that section of the bill does not provide for issuing certificates at the silver dollar coining rate of the bullion, but only at its market value?

Dr. LINDERMAN. The amount of the certificate is determined by the market value of the bullion. When it comes to be redeemed, the redemption must be made in silver bars at the coining rate of silver dollars; that is, for the 900 ounces of fine silver we have to return that quantity computed and stamped as 1,000 ounces of standard silver. In our accounts everything is entered and computed as standard silver.

Mr. BREWER. What are those certificates payable in?

Dr. LINDERMAN. They are payable in bars. One objection to making these certificates receivable for customs duties is this, that they are not convertible into coin at the will of the government, but are redeemable in silver bars; and there might be a state of affairs in which the government might want the coin.

Mr. DWIGHT. Do you propose to keep the same amount of silver on hand?

Dr. LINDERMAN. To keep an amount corresponding with the outstanding certificates.

Mr. MAISH. As to the propriety of building the mints. Two months ago we interrogated you on this very question, and my recollection is that you then thought that our existing mints ought to be enlarged instead of erecting new ones.

Dr. LINDERMAN. That opinion is modified by the new state of affairs with reference to silver coinage. We are going on now with entirely new operations, with silver harnessed up by the side of gold.

Mr. MAISH. Give us your opinion now as to the propriety of erecting new mints, or of enlarging those which we have.

Dr. LINDERMAN. It is my opinion that in view of the new law and its requirements it is better to fit up the New Orleans mint than to attempt to enlarge any of the present mints, because New Orleans is the nearest point to strike the Mexican silver.

Mr. MAISH. Would that give us minting capacity enough?

Dr. LINDERMAN. I should think it would.

Mr. DWIGHT. How much minting capacity would that have?

Dr. LINDERMAN. I expect that it could be readily brought up to the capacity of a million dollars of silver a month. It could be fitted up in four months. We own the building, lot, and the fixtures, and it would take not more than \$100,000 to fit it up. It is a large mint.

Mr. DWIGHT. Would that mint, with what facilities you now have, meet the requirements?

Dr. LINDERMAN. I think it would meet the requirements of coining all the silver we can get.

Mr. MAISH. Does not the government title to the New Orleans mint depend upon the government using it as a mint?

Dr. LINDERMAN. Yes; it was ceded by the city authorities to the United States many years ago, with an express provision that whenever the United States ceased to occupy it for mint purposes, it should revert to the city.

Mr. DWIGHT. How long has the government ceased to use it for mint purposes?

Dr. LINDERMAN. Ever since the war broke out.

Mr. DWIGHT. Then the title depends upon negotiations?

Dr. LINDERMAN. The city has not contested the right of the government and the government is still in possession of the mint. There is a man there in charge.

Mr. DWIGHT. How does our gold coinage compare with the coinage of Europe? How is it received in the payment of balances?

Dr. LINDERMAN. Balances are paid on bills of exchange. The monied power of coins is the value of the coin of one country expressed in the coin or money terms of another country. The basis of the comparison is the pure metal in the coin.

Mr. RYAN. Does the free coinage system, so far as gold is concerned, prevail in foreign countries?

Dr. LINDERMAN. Gold coinage is free in Great Britain. In France there is a small charge (which is called *brassage*) of about one-fifth of one per cent. on gold. In Germany they have got it so mixed up that it is difficult to tell. I think that there is a small coinage charge there. In the Scandinavian states I think the coinage is free. The real point of the case is this: Where gold or silver is a standard money (a single standard alone by itself) it would seem to be perfectly fair that the government should coin it free of charge to the holder of the bullion, because it is to be a measure of value among the people and a circulating medium. Otherwise the man who pays the coinage-charge turns over the coin next day to A, B, and C, and gets no consideration whatever for the coinage-charge. I have always argued that the coinage of the standard money of a country should be free because it is for the benefit of the whole people. But Congress has attempted to establish here a double standard, and the restriction placed upon the free coinage of silver is only placed there because the silver coinage could not be made free without giving to the holders of silver bullion 8 per cent. more in legal-tender value than its present market value. That difference may all disappear in a year. No mortal man can tell whether it will or will not. If you are going to maintain a double standard the question will come up, whether it is worth while to coin either of the metals without charge? because the dearer metal (whichever it may be) is bound to go out of the country; and if it is going out of the country, what is the use of coining it? Its owners might as well take it to the mint and have it stamped without putting the government to the charge of coining it.

Mr. MAISH. In your estimate of the cost of a mint did you include the machinery?

Dr. LINDERMAN. Yes, I included \$100,000 for machinery.

Mr. MAISH. Is it comparatively cheaper to operate a large mint than a small one?

Dr. LINDERMAN. It is nearly twice as cheap, comparatively, to operate a large mint than to operate a small one.

TREASURY DEPARTMENT, *March 12, 1878.*

SIR: As an appendix to the answer made by me to your verbal interrogatories before your committee, I beg leave to send you a copy of a letter from the United States Treasurer, which please attach to and make a part of my answers. You see it is confirmatory of what I stated.

Very respectfully,

JOHN SHERMAN,
*Secretary.*Hon. A. H. STEPHENS,
*Chairman Committee on Coinage, Weights, and Measures,
House of Representatives.*

TREASURY OF THE UNITED STATES,
Washington, March 12, 1878.

SIR: I have the honor to acknowledge the receipt of your letter of the 11th instant, in which you ask to be advised of the amount of gold bullion now in the Treasury, and also whether or not any certificates have been issued for gold bullion deposited, and in reply beg to state that the amount of gold bullion (bars) now in the Treasury is three million three hundred and sixty-seven thousand seven hundred and thirteen dollars and twenty-six cents (\$3,367,713.26), which is exclusive of the amount held by the mints and assay-offices; also, that gold-certificates have never been issued for gold bullion deposited, although authority for such issue is given in section 254 Revised Statutes.

Very respectfully,

JAS. GILFILLAN,
*Treasurer United States.*Hon. JOHN SHERMAN,
Secretary of the Treasury.

